

## Message Text

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ORIGIN SAB-02

INFO OCT-01 ARA-10 ISO-00 PM-05 NSC-05 SP-02 SS-15  
CIAE-00 INR-10 NSAE-00 L-03 H-01 AID-05 COME-00  
EB-08 FRB-03 ICA-11 TRSE-00 XMB-02 OPIC-03 LAB-04  
SIL-01 OMB-01 EUR-12 DODE-00 DOTE-00 FMC-01 CG-00  
DLOS-09 OES-07 CEQ-01 EPA-01 INT-05 AGRE-00 /128 R

DRAFTED BY S/AB:DHPOPPER  
APPROVED BY S/AB:DHPOPPER

-----079906 121434Z /72

R 120200Z MAY 78  
FM SECSTATE WASHDC  
TO AMEMBASSY PANAMA  
INFO USCINCSO QUARRY HTS  
GOV CZG

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E.O. 11652: GDS

TAGS: PN

SUBJECT: MEETING WITH PANAMA'S MINISTER OF PLANNING NICOLAS  
BARLETTA MAY 11.

1. FOLLOWING ARE MAIN POINTS COVERED IN MINISTER BARLETTA'S  
MEETING WITH POPPER IN DEPARTMENT MAY 11.
2. ECONOMIC PACKAGE. BARLETTA EMPHASIZED PANAMA'S DESIRE  
TO EXCHANGE NOTES ON ECONOMIC PACKAGE AS PROVIDED IN  
SEPTEMBER 7 LETTER FROM SECRETARY, IF AT ALL POSSIBLE  
DURING PRESIDENT CARTER'S VISIT. HE WANTS ESPECIALLY TO  
COMPLETE ARRANGEMENTS FOR \$20 MILLION OPIC LOAN GUARANTEE  
WHICH WILL ALLOW HIM GREATLY TO EXPAND INDUSTRIAL FINANC-  
ING BY PANAMA DEVELOPMENT CORPORATION (COFINA). BARLETTA  
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ALSO HOPES FOR RAPID ACTION ON HOUSING INVESTMENT GUARANTEE  
PORTION OF ECONOMIC PACKAGE, UP TO LIMITS ESTABLISHED BY US  
LEGISLATION, AS ECONOMIC STIMULANT. HE EXPECTS EX-IM BANK  
LOANS COME ALONG MORE SLOWLY.

3. CONTAINER PORT. PROJECT FOR BUILDING CONTAINER PORT AT  
COCO SOLO REMAINS HIGH ON GOP AGENDA. BARLETTA SAID DE-

TAILED ENGINEERING AND DESIGN SURVEY BY CANADIAN FIRMS WHICH HAD BEEN AWARDED CONTRACT WOULD BE COMPLETED IN THREE OR FOUR MONTHS. CONSTRUCTION COULD START BY END OF 1978,

ASSUMING ARRANGEMENTS COULD BE WORKED OUT WITH USG. SINCE CONTAINER PORT WOULD TAKE TWO YEARS TO BUILD, PORT OPERATIONS WOULD NOT ACTUALLY BEGIN UNTIL AFTER PANAMA CANAL TREATY CAME INTO EFFECT. PANAMA IS EAGER TO OPEN PORT SOONEST AS POINT FOR TRANS-SHIPMENT OF OVERSEAS CARGO TO PANAMA AND OTHER CENTRAL AMERICAN COUNTRIES, AND AS FULFILLMENT OF PLEDGE TO POPULATION OF COLON TO RELIEVE LOCAL UNEMPLOYMENT PROBLEM.

4. POPPER POINTED OUT SERIOUS LEGAL DIFFICULTY PRESENTED BY REQUIREMENT THAT US MINIMUM WAGES BE PAID IN CANAL ZONE. BARLETTA INDICATED THAT THIS WOULD RAISE \$40 MILLION ESTIMATED COST OF PORT BY ABOUT \$7 MILLION. IT WAS AGREED THAT WE WOULD EACH EXAMINE LEGAL ASPECTS OF MINIMUM WAGE PROBLEM AND DISCUSS FURTHER. FYI: HOWEVER IF, AS WE BELIEVE, IT PROVES INSOLUBLE, WE COULD THEN EXPLORE WAYS OF THEIR ABSORBING THE \$7 MILLION EXCESS CONSTRUCTION COST.

5. ENVIRONMENTAL PROBLEMS. POPPER DESCRIBED CONTINUING INTEREST OF SIERRA CLUB AND OTHER ENVIRONMENTAL GROUPS, PARTICULARLY AS FOCUSED ON CURRENT DEFORESTATION. LIMITED OFFICIAL USE

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BARLETTA STATED THAT A VISIT TO CANAL AREA BY REPRESENTATIVES OF US ENVIRONMENTAL ORGANIZATIONS WOULD NOT BE WISE AT THIS TIME, BECAUSE OF PAST EXPERIENCE WITH DARIEN HIGHWAY. HE DID AGREE, HOWEVER, TO PROVIDE US WITH NAMES OF PRIVATE INDIVIDUALS IN PANAMA INTERESTED IN ENVIRONMENTAL PROBLEMS WHO MIGHT BE PUT INTO CONTACT WITH US NON-GOVERNMENTAL ORGANIZATIONS. BARLETTA SAID PANAMA WAS HOPEFUL OF DEALING WITH CURRENT DEFORESTATION SITUATION THROUGH PROJECTED AID MANAGEMENT PROJECT. WE AGREED IT WOULD BE DESIRABLE TO EXPEDITE PROJECT.

6. GOP INDEBTEDNESS. BARLETTA SAID DEBT BURDEN HAD BECOME MORE SERIOUS BUT WAS STILL ENTIRELY MANAGEABLE. HE SEES PRIMARY TASK AS SHIFTING THE BULK OF THE DEBT FROM SHORT TO LONG-TERM MATURITIES. WITH TREATIES RATIFIED, HE BELIEVES US PRIVATE BANKS WILL BE WILLING TO MAKE THE SHIFT, AND THAT INTERNATIONAL FINANCIAL INSTITUTIONS WILL BE RECEPTIVE TO PROPOSALS TO INCREASE THEIR COMMITMENTS IN PANAMA.

7. SUGAR. BARLETTA ESTIMATES THAT NEW US DUTY WILL COST PANAMA \$8 MILLION ANNUALLY. IT WAS CLEAR THAT WE MAY

EXPECT PANAMANIAN TO CAMPAIGN SYSTEMATICALLY ON THIS  
SUBJECT.

8. DEBTS TO THE PCC/CZG. POPPER NOTED THAT THIS PROBLEM  
SHOULD BE RESOLVED QUICKLY BECAUSE OF US DOMESTIC POLITI-  
CAL IMPLICATIONS. BARLETTA AGREED TO EXPLORE WAYS TO  
RESOLVE THE ISSUE.

9. COOPERATION IN TREATY IMPLEMENTATION. BARLETTA  
PROPOSED PERIODIC CONSULTATIONS BETWEEN US AND PANAMANIAN  
OFFICIALS RESPONSIBLE FOR IMPLEMENTATION. WE AGREED IN  
PRINCIPLE.

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## Message Attributes

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**Concepts:** MINISTERIAL MEETINGS  
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**TAGS:** PDIP, PN, (POPPER, DAVID H), (BARLETTA, NICHOLAS)  
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